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Turkey

Cotton and Products Update

Cotton and Products

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Report Highlights:

The MY 2018/19 Turkish cotton crop now estimated at 550,000 hectares and 920,000 MT (4.2 million bales). Despite the larger planted area than early season's estimate, excessive rains and cool weather necessitated a second planting and stimulated pest attacks in all regions, which lowered yields. Domestic cotton consumption for MY 2018/19 is expected decline to about 1.55 MMT (7.1 million bales) as result of recent economic turmoil. Total cotton imports during the first eleven months of MY 2017/18 (August-July) were 800,000 MT (3.6 million bales), which is up about fourteen percent due increase in consumption during the year.

Turkey Cotton and Products Update August 2018

Production

MY 2018/19 cotton planting area estimate is about 550,000 hectares and production estimate is 920,000 MT. Planting area was larger than early season estimates, due to the higher returns of recent years, but yields are reported to be lower due to excessive rains in June that forced farmers to re-plant their cotton crops. Increased pest outbreaks, such as of *Aphis gossypii*, also adversely affected yields.

In order to promote cotton planting, the Turkish government had increased the seed cotton production bonus during the previous six years in a row until MY 2017/18 but kept it the same for MY 2018/19 crop. Accordingly, MY 2018/19 seed cotton production support is TL 0.80 per kilogram (paid on seed cotton). This support is provided only to certified seed users.

Turkey became part of the Better Cotton Initiative (BCI) four years ago. Acreage under this program is increasing and is expected to be about 60,000 MT of BCI cotton in MY 2018/19.

In general, Turkish people prefer cotton over man made fibers due to comfort but there is no official production number for total cotton yarn and cotton fabric production available.

Consumption

Turkish textile industry had a good year during MY 2017/18, and domestic consumption of cotton increased to 1.6 MMT (7.3 Million bales), up from 1.4 MMT (6.5 Million bales) the year before. However, since the beginning of MY 2018/19, the Turkish economy has been going through a major downturn, and the Turkish Lira is experiencing devaluation, in addition to increases in inflation. While devaluation will help Turkey's exports to foreign markets, particularly to countries in the European Union, the increase in domestic inflation will limit domestic consumption of textiles. As a result, MY 2018/19 domestic consumption of cotton expected decline to about 1.55 MMT (7.1 Million bales).

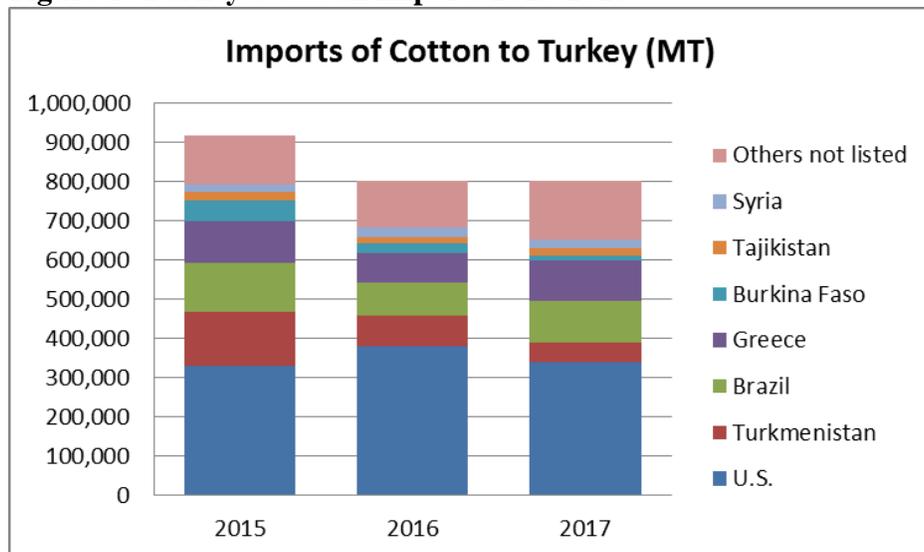
Turkish mills have been investing in new machinery and technology to increase quality and lower the cost to get ahead in the very competitive international textile trade. In recent year's domestic consumption is also supported by increase in tourism; low priced, fashionable outfits are preferred by tourists from the Middle East and Russia. Turkey is one of the leading tourist destinations in the world and receives about 35 million visitors annually.

Trade

Total cotton imports for the first eleven months of MY 2017/18 (Aug-July) were about 800,000 MT (3.6 Million bales), which is up about fourteen percent compared to the same period last year. The U.S. provided about forty-three percent of the imports, which is 340,000 MT (1.56 million bales), despite the three percent antidumping charges. Turkey generally imports high quality cotton needed for

the textile sector from the United States. Brazil (105,000 MT), Greece (103,000 MT), and Turkmenistan (50,000 MT) were the other leading suppliers during MY 2017/18. Despite the ongoing conflict in Syria, about 20,000 MT of Syrian cotton also found its way to the Turkish market.

Figure 1: Turkey’s Cotton Imports 2015-2017



Data source: GTA

Turkey total cotton exports were 64,800 MT during the first eleven months of MY2017/18, of which 28,500 MT were for textile use and 36,300 MT hydrophilic cotton for medical use. Bangladesh (3,750 MT), Vietnam (2,000 MT) and India (1,600 MT) were the leading foreign destinations for Turkish cotton for textile use. About 13,600 MT of cotton also exported to Mersin and Kayseri Free Trade Zone with a possibility of being re-imported later.

Additionally, Turkey exported 75,000 MT of cotton yarn and imported 96,000 MT during the first half of CY 2018. While yarn exports were up about seven percent imports were up about nine percent. Turkey also exported about 125 million square meters of fabrics during the first half of CY 2018 and imported 172 Million square meters. Fabric exports were up about ten percent and imports were down about seventeen percent compared to last year. The EU member countries continued to be the leading export markets for Turkish cotton yarn and fabric. On the other hand, China, Pakistan and CIS countries were the main sources for yarn and fabric imports.

Turkish textile exports have increased about seven percent compared to MY 2016/17, reaching US\$ 26 billion in MY 2017/18. Recent major devaluation of Turkish Lira will increase export opportunities in MY 2018/19 as well.

Policy

Cotton is imported to Turkey with zero tariffs, as it is the key input of Turkey’s textile sector. Presently, U.S. cotton imports are subject to a three percent antidumping duty imposed by Turkey, while cotton from other sources is not subject to any import taxes.

For textile producers that export their final products though, they have been able to import U.S. cotton without this additional duty. Recently, Turkey removed the use of the inward processing regime for cotton imports from the United States. Since mid-May 2018, cotton importers in Turkey have had to pay the three percent import tax on U.S. cotton even if they are exporting the final textile product. This policy is expected to have an adverse effect on U.S. cotton exports to Turkey in coming months.

PSD, Turkey, Bales (1000 Hectares, 1000 bales)

Cotton	2016/2017		2017/2018		2018/2019	
Market Begin Year	Aug 2016		Aug 2017		Aug 2018	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	400	400	470	470	520	550
Beginning Stocks	1533	929	1578	968	2028	1208
Production	3200	3236	4000	4000	4300	4220
Imports	3679	3677	4100	3900	3900	3200
Total Supply	8412	7842	9678	8868	9928	8628
Exports	334	334	350	320	350	373
Use	6500	6540	7300	7340	7400	7115
Loss	0	0	0	0	0	0
Total Dom. Cons.	6500	6540	7300	7340	7400	7115
Ending Stocks	1578	968	2028	1208	2178	1140
Total Distribution	8412	7842	9678	8868	9928	8628

Note: Bales weight is 480 lb bales

PSD, Turkey, Metric Tons (1000 Hectares, 1000 MT)

Cotton	2016/17		2017/18		2018/19	
		Revised		Estimate		Forecast

	Post Old	Post New	Post Old	Post New	Post Old	Post New
Market Year Begin		16-Aug		17-Aug		18-Aug
Area Planted	400000	400000	470000	470000	520000	550000
Area Harvested	400000	400000	470000	470000	520000	550000
Beginning Stocks	201810	201810	210000	210000	230000	260000
Production	705000	705000	870000	870000	950000	920000
Imports	801007	801007	800000	850000	750000	700000
Total Supply	1707817	1707817	1880000	1930000	1930000	1880000
Exports	72815	72815	75000	70000	85000	80000
Use	1425000	1425000	1575000	1600000	1600000	1550000
Loss	0	0	0	0	0	0
Total Dom. Con.	1425000	1425000	1575000	1600000	1600000	1550000
Ending Stocks	210000	210000	230000	260000	245000	250000
Total Distribution	1707817	1707817	1880000	1930000	1930000	1880000

Import Trade Matrix, Cotton in Metric Tons

TURKEY	COTTON				
Time Period	Aug/July		Aug/July		Aug/June
Imports for:	MY 2015		MY 2016		MY 2017
U.S.	329,384	U.S.	380,820	U.S.	340,725
		Others			
Turkmenistan	137,307	Brazil	84,830	Brazil	104,768
Brazil	127,317	Turkmenistan	77,538	Greece	102,590
Greece	104,896	Greece	74,685	Turkmenistan	49,367
Burkina Faso	51,690	Syria	25,691	Australia	43,358
Tajikistan	24,523	Burkina Faso	24,721	Tajikistan	19,968
Cod d'Ivoire	23,602	Sudan	17,322	Syria	19,602
India	21,241	Azerbaijan	17,106	Azerbaijan	19,462
Syria	17,156	Tajikistan	14,772	Mali	16,804
Uzbekistan	16,929	Australia	14,189	Burkina Faso	14,107
Argentina	10,423	Argentina	9,986	Sudan	14,047
Total of others	535,084	Total of others	360,840	Total of others	404,073
Others not listed	53,839	Others not listed	59,347	Others not listed	56,097
GRAND TOTAL	918,307	GRAND TOTAL	801,007	GRAND TOTAL	800,895

Source: GTA

Import Trade Matrix, Cotton in Bales (480 lb bales)

TURKEY	COTTON				
Time Period	Aug/July		Aug/July		Aug/Jan
Imports for:	MY2015		MY 2016		MY 2017
U.S.	1,511,872	U.S.	1,747,963	U.S.	1,563,927
Others					

Turkmenistan	630,239	Brazil	389,370	Brazil	480,885
Brazil	584,385	Turkmenistan	355,900	Greece	470,888
Greece	481,472	Greece	342,804	Turkmenistan	226,594
Burkina Faso	237,257	Syria	117,920	Australia	199,013
Tajikistan	112,560	Burkina Faso	113,470	Tajikistan	91,653
Cod d'Ivoire	108,333	Sudan	70,508	Syria	89,973
India	97,496	Azerbaijan	78,516	Azerbaijan	89,330
Syria	78,746	Tajikistan	67,803	Mali	77,130
Uzbekistan	77,704	Australia	65,127	Burkina Faso	64,751
Argentina	47,841	Argentina	45,835	Sudan	64,475
Total of others	2,456,033	Total of others	1,656,255	Total of others	1,854,692
Others not listed	247,121	Others not listed	272,402	Others not listed	257,489
GRAND TOTAL	4,215,026	GRAND TOTAL	3,676,622	GRAND TOTAL	3,676,108

Source GTA

Cotton Yarn and Fabric Imports and Exports

TURKEY		COTTON YARN	
Import Trade Matrix		Units: MT	
Time Period	Jan-Dec	Jan-Dec	Jan-June
Imports for:	CY 2016	CY 2017	CY 2018

U.S.	0	115	275
Others			
Turkmenistan	68,639	51,448	29,198
Uzbekistan	22,640	39,999	26,003
India	14,030	23,584	9,937
Pakistan	11,107	22,918	8,497
Vietnam	14,637	18,972	6,308
Tajikistan	1,743	10,455	4,823
Kayseri FTZ	5,765	6,407	2,954
Egypt	3,197	3,748	1,933
China	4,799	3,400	1,461
Syria	111	2,515	36
Total of others	146,668	183,446	91,150
Others not listed	9,423	5,501	4,421
GRAND TOTAL	156,091	189,062	95,846

Source: GTA

TURKEY		COTTON YARN	
Export Trade Matrix		Units: MT	
Time Period	Jan-Dec	Jan-Dec	Jan-June
Export for:	CY 2016	CY 2017	CY 2018
U.S.	246	488	7
Others			
Italy	28,035	27,847	14,753
Portugal	22,215	24,019	15,067
Germany	9,415	9,722	4,695
Spain	8,100	8,006	5,684
Poland	8,782	7,695	3,415
Egypt	5,422	7,523	3,981
Bulgaria	4,830	4,303	2,090
Greece	3,471	3,774	2,242
Kayseri FTZ	2,017	3,646	3,030
Czech Republic	3,106	3,615	2,050
Total of others	95,393	100,150	57,007
Others not listed	31,521	30,005	18,775
GRAND TOTAL	127,160	130,643	75,789

Source: GTA

TURKEY		COTTON FABRIC	
Import Trade Matrix		Units: 1000 M2	
Time Period	Jan-Dec	Jan-Dec	Jan-June

Export for:	CY 2016	CY 2017	CY 2018
U.S.	0	0	0
Others			
China	82,012	94,612	42,605
Turkmenistan	37,978	89,032	17,901
Pakistan	53,579	76,748	47,870
Egypt	30,052	42,985	17,236
Italy	13,651	13,767	5,342
India	9,383	11,930	4,240
Spain	6,222	4,874	2,968
Indonesia	1,242	1,133	446
Bulgaria	644	1,303	102
Bahrain	5,417	4,043	2,134
Total of others	240,180	340,427	140,844
Others not listed	35,157	47,209	30,903
GRAND TOTAL	275,337	387,636	171,747

Source: GTA

TURKEY		COTTON FABRIC	
Export Trade Matrix		Units: 1000 M2	
Time Period	Jan-Dec	Jan-Dec	Jan-June
Export for:	2016	2017	2018
U.S.	4,825	4,653	2,334
Others			
Italy	73,513	69,591	38,561
Romania	32,577	29,298	10,047
Germany	25,416	27,725	14,291
Spain	31,210	24,553	15,310
Morocco	24,628	21,926	8,614
Tunisia	20,056	18,557	10,030
Egypt	11,847	14,040	25,116
France	13,643	13,505	7,834
Georgia	7,803	12,839	4,880
Bulgaria	16,267	12,400	7,870
Total of others	256,960	244,434	142,553
Others not listed	169,125	160,338	80,003
GRAND TOTAL	430,910	409,425	224,920

Source: GTA

